

FINAL BILL REPORT

E2SHB 1277

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Synopsis as Enacted

Brief Description: Providing for an additional revenue source for eviction prevention and housing stability services.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Ormsby, Macri, Ramel, Bateman, Fitzgibbon, Ryu, Senn, Chopp, Berry, Peterson, Davis, Santos, Valdez, Hackney, Thai, Kloba, Sells, Frame, Gregerson, Johnson, J., Pollet, Harris-Talley, Stonier, Taylor and Wicks).

House Committee on Housing, Human Services & Veterans
House Committee on Appropriations
Senate Committee on Ways & Means

Background:

Homeless Housing and Assistance Surcharges.

State and local homeless housing programs receive funding from the homeless housing and assistance surcharges collected by each county auditor when certain documents are recorded. The following surcharges related to affordable housing and homeless services are collected by the county, with shares of the funds distributed to the county and to the state:

- \$13 Affordable Housing for All surcharge;
- \$62 Local Homeless Housing and Assistance surcharge; and
- \$8 additional Local Homeless Housing and Assistance surcharge.

Affordable Housing for All Surcharge.

Of the \$13 surcharge, approximately 60 percent is retained by the county for local affordable housing and assistance and approximately 40 percent is distributed to the state. The state's share of \$10 of the fee is deposited into the Affordable Housing for All Account, to be used by the Department of Commerce (COM) for housing and shelter for extremely low-income households. The state's share of \$3 of the fee is deposited into the Landlord Mitigation Program Account (LMPA) to provide financial support to landlords of tenants who receive rental assistance.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Local Homeless Housing and Assistance Surcharge.

Of the \$62 surcharge, approximately 66 percent is retained by the county for local homeless housing and assistance. The remainder is distributed to the state for deposit into the Home Security Fund (HSF) and is used by the COM to manage the State Homeless Housing Program, issue private rental housing payments, and provide housing and shelter support.

Additional Local Homeless Housing and Assistance Surcharge.

Of the \$8 surcharge, approximately 90 percent is retained by the county for local homeless housing and assistance and 10 percent is distributed to the state for deposit into the HSF. The funds distributed to the state may be used by the COM for managing the state's homeless housing programs.

Other.

Until June 30, 2024, an additional surcharge of \$2.50 is deposited into the Growth Management Planning and Environmental Review Fund (GMPERF) to be used for costs incurred by cities related to planning for residential building capacity and to support reports required by the Washington Center for Real Estate Research at the University of Washington. Beginning July 1, 2024, sufficient funds for these activities must be deposited into the GMPERF and the remainder deposited into the HSF for permanent supportive housing and affordable housing.

State Rental Assistance.

The COM administers various rental assistance programs, including the Eviction Rental Assistance Program (ERAP). The ERAP was established by the COM in 2020, using federal funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Landlord Mitigation Program.

The Landlord Mitigation Program (LMP) is administered by the COM. The LMP can provide landlords of tenants who receive a housing subsidy with up to \$1,000 in reimbursement for move-in upgrades, up to 14 days of lost rent, and up to \$5,000 for damage caused by a tenant. The maximum a landlord can receive from all combined claims under the LMP is \$5,000.

Permanent Supportive Housing.

Permanent Supportive Housing (PSH) is subsidized, leased housing with no limit on the length of stay that prioritizes people who need comprehensive support services to retain tenancy. Permanent Supportive Housing uses admissions practices designed to lower barriers to entry that would be typical for other rental housing, especially related to rental history, criminal history, and personal behaviors. Permanent Supportive Housing is paired with voluntary on or off-site supportive services.

Summary:

Housing Surcharge.

An additional surcharge of \$100 must be collected by a county auditor for each document recorded, with some exceptions. Exceptions to the surcharge include documents recording a birth, marriage, divorce, death, liens by certain local governments, and wage liens, among others. The funds collected must be fully remitted to the state to be distributed as follows:

- 20 percent of funds must be deposited into the Affordable Housing for All Account for the operations, maintenance, and service costs for PSH;
- from July 1, 2021, through June 30, 2023, 4 percent of funds must be deposited into the LMPA for the LMP. After June 30, 2023, 2 percent of funds must be deposited into the LMPA; and
- the remainder of funds must be distributed to the HSF, with 60 percent of the funds to be used for project-based voucher for nonprofit housing providers or public housing authorities, housing services, rapid rehousing, emergency housing, or acquisition. Priority for use must be given to project-based vouchers and related services, housing acquisition, or emergency housing for individuals who are chronically homeless, including families with children, and at least 50 percent of clients served must be living unsheltered at the time of initial engagement. In addition, funds may be used for the Eviction Prevention Rental Assistance Program (EPRAP), foreclosure prevention services, rental assistance for people experiencing homelessness, and tenant education and legal assistance.

The COM must consult with stakeholders to create a set of performance metrics by December 15, 2021, for each county receiving funding from the surcharge. The metrics must target actions within the county's control that will prevent and reduce homelessness. Starting July 1, 2023, the COM must award funds for project-based vouchers for nonprofit housing providers and related services, rapid rehousing, and housing acquisition to eligible grantees in a manner that distributes 15 percent of the funding as a performance-based allocation in accordance with the county's metrics. A county that meets or exceeds the majority of target actions in the previous two years must receive the 15 percent performance-based allocation. A county that fails to meet or exceed the majority of target actions must enter into a corrective action plan with the COM. A county that fails to meet or exceed the majority of targets after two years on a corrective action plan may have performance-based funding reduced, at the discretion of the COM. Performance-based allocations unspent due to lack of compliance with a corrective action plan may be distributed to other counties.

The COM must contract with the William D. Ruckelshaus Center (Center) to examine trends affecting, and policies guiding, the housing and services provided to individuals and families who are, or who are at risk of becoming, homeless. The Center must facilitate meetings and discussions with legislators, members of the executive branch, tribes, local governments, and other stakeholders to identify root causes of housing instability and homelessness and to develop and implement a long-term strategy to improve services and outcomes for individuals at risk of experiencing homelessness, including developing pathways to permanent housing solutions. The Center must issue reports on their work to

the Governor and the Legislature annually beginning on December 1, 2021, until December 1, 2023.

Eviction Prevention Rental Assistance Program.

The EPRAP is created and is to be administered by the COM to prevent evictions by providing resources to households most likely to become homeless or to suffer severe health consequences, or both, after an eviction while prioritizing households disproportionately impacted by public health emergencies, homelessness, and housing instability.

The COM must provide grants to eligible organizations to provide assistance to program participants. Eligible organizations are defined as local governments, local housing authorities, behavioral health administrative services organizations, nonprofit community or neighborhood-based organizations, federally recognized tribes, and regional or statewide nonprofit housing assistance organizations. The COM must award grant funds in a manner that is proportional to the amount of revenue collected from the \$100 surcharge in the county that is being served by the grantee and must give counties the right of first refusal to receive grant funds. If a county refuses the funds or doesn't respond within a timeframe established by the COM, the COM must identify an alternative grantee.

Eligible organization grantees must work with organizations rooted in communities of color to assist and serve marginalized populations within their communities. At least 10 percent of the grant total must be subgranted to organizations that serve and are substantially governed by marginalized populations. A grantee may request an exemption from the subgrant requirement if they are unable to subgrant with an organization that serves and is substantially governed by marginalized populations or if the grantee provides the COM with a plan to spend 10 percent of the grant total in a manner that the COM determines will improve racial equity for historically underserved communities more effectively than a subgrant.

Grant funds must be used for rent assistance, utility assistance, and administrative costs of the eligible organization. Households eligible to receive assistance are those:

- with incomes at or below 80 percent of the county area median income;
- who are families with children, living in doubled up situations, young adults, senior citizens, and others at risk of homelessness or significant physical or behavioral health complications from homelessness; and
- that meet any other eligibility requirements established by the COM in consultation with stakeholder groups.

A landlord may assist an eligible household with applying for assistance or may apply on the eligible household's behalf.

The COM must ensure equity in the program by developing performance measures and benchmarks that promote equitable program access and equitable program outcomes. Performance measures and benchmarks must be developed by the COM in consultation

with stakeholder groups. The measures and benchmarks must ensure the race and ethnicity of households served under the program are proportional to the numbers of people at risk of homelessness in each county for various racial groups.

The COM report must include a report on the expenditures, performance, and outcomes of the EPRAP in its annual update on the state's homeless housing strategic plan. The report must include county-level data for the number of households served in the following categories: adults without children; households with children; unaccompanied youth and young adults; and a county-level report on expenditures, performance, and outcomes of the rapid rehousing, project-based vouchers, and housing acquisition programs funded by the surcharge.

Votes on Final Passage:

House	57	40	
Senate	26	23	(Senate amended)
House	57	39	(House concurred)

Effective: July 25, 2021